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E.O. 12065: GDS 5/11/88 (PELLETREAU, R.H.)
 TAGS: KU, US, EINV, OPEC
 SUBJECT: BACKGROUND ON DISPUTE OVER DECLASSIFICATION OF
 CIA DOCUMENTS ON OPEC INVESTMENT

REF: KUWAIT 2267

HELSINKI FOR SECRETARY REGAN PARTY

1. CONFIDENTIAL - ENTIRE TEXT.

2. THE FOLLOWING IS FYI ONLY AND MAY NOT BE PASSED TO
 FOREIGN OFFICIALS. SINCE 1979 HOUSE GOVERNMENT
 OPERATIONS SUBCOMMITTEE ON COMMERCE, CONSUMER AND
 MONETARY AFFAIRS, CHAIRED BY BENJAMIN ROSENTHAL, HAS BEEN
 INVESTIGATING OPEC INVESTMENT IN US. THE CIA HAS BEEN
 PROVIDING CLASSIFIED FINISHED INTELLIGENCE DOCUMENTS TO
 THE SUBCOMMITTEE ON OPEC INVESTMENT WORLDWIDE AND RELATED
 SUBJECTS ON A CONFIDENTIAL BASIS. SINCE SEPTEMBER OF
 1981, CHAIRMAN ROSENTHAL HAS PRESSED CIA TO DECLASSIFY
 SEVENTEEN OF THE DOCUMENTS FOR PUBLICATION BY THE
 SUBCOMMITTEE. THE STUDIES INCLUDE INFORMATION ON
 INVESTMENT WORLDWIDE BY INDIVIDUAL OPEC COUNTRIES AND
 THEIR CURRENT ACCOUNTS. THEY DO NOT REVEAL TREASURY
 FIGURES FOR INDIVIDUAL MIDEAST COUNTRIES PORTFOLIO

INVESTMENT IN THE U.S. AND PROVIDE ONLY A FEW DETAILS ON
 SPECIFIC OPEC INVESTMENTS IN THE U.S.

3. THE DIRECTOR OF CENTRAL INTELLIGENCE (DCI) AND THE
 PRESIDENT HAVE FORMALLY OBJECTED TO PUBLICATION OF THE
 INFORMATION IN THE DOCUMENTS WHICH REMAINS CLASSIFIED
 AFTER TWO DECLASSIFICATION REVIEWS CONDUCTED TO
 ACCOMMODATE THE SUBCOMMITTEE. (THE DECLASSIFIED PORTIONS
 HAVE ALREADY BEEN PUBLISHED BY THE SUBCOMMITTEE. SOME
 PORTIONS OF THE DOCUMENTS HAVE BEEN KEPT CLASSIFIED IN
 ORDER TO PRESERVE CONFIDENTIALITY OF THE AGENCY'S
 FORECASTING AND ANALYTIC METHODS, TO AVOID EMBARRASSMENT
 TO FRIENDLY GOVERNMENTS FROM THE AIRING OF CIA'S
 INTERPRETATIONS OF THEIR ACTIONS AND TO AVOID REVEALING

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82 8595458

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PAGE 002
TOR: 120010Z MAY 82

NC 8595458

INTELLIGENCE SOURCES.)

4. DISAGREEING WITH THE DCI AND THE PRESIDENT, CHAIRMAN ROSENTHAL IN APRIL 1982 INTRODUCED H.J. RES. 433 TO AUTHORIZE THE SUBCOMMITTEE TO PUBLISH THE DOCUMENTS, WITH DELETIONS DETERMINED UNILATERALLY BY THE SUBCOMMITTEE TO PROTECT SPECIFIC INTELLIGENCE SOURCES AND METHODS.

5. AFTER A 6 MAY CLOSED HEARING WITH CIA REPRESENTATIVES TESTIFYING AGAINST THE RESOLUTION, THE SUBCOMMITTEE APPROVED IT WITH AN AMENDMENT, BY A VOTE OF 6-5 ALONG PARTY LINES. THE AMENDMENT CHANGED THE RESOLUTION TO AUTHORIZE THE SUBCOMMITTEE TO PUBLISH ITS OWN SUMMARIES OF THE RELEVANT DOCUMENTS ALONG WITH OTHER INFORMATION. IN CIA'S JUDGMENT, THE AMENDED RESOLUTION IS ALSO NOT ACCEPTABLE.

6. THE NEXT STAGE FOR THE RESOLUTION IS CONSIDERATION BY THE FULL HOUSE GOVERNMENT OPERATIONS COMMITTEE (24 DEMOCRATS, 17 REPUBLICANS). IT IS NOT KNOWN WHETHER THE COMMITTEE WILL ADDRESS THE ISSUE SOON. IF THE FULL COMMITTEE APPROVES THE RESOLUTION, IT WILL THEN BE SUBMITTED TO THE FULL HOUSE FOR CONSIDERATION.

7. YOU MAY DRAW UPON THE FOLLOWING POINTS, SHOULD OFFICIALS RAISE THIS SUBJECT.

--SINCE 1979 HOUSE GOVERNMENT OPERATIONS SUBCOMMITTEE ON COMMERCE, CONSUMER AND MONETARY AFFAIRS HAS BEEN EXAMINING OPEC INVESTMENT IN THE US.

--VARIOUS USG AGENCIES, INCLUDING CIA, HAVE PROVIDED INFORMATION ON THIS RELATED SUBJECTS TO THE SUBCOMMITTEE.

--THE SUBCOMMITTEE WISHES TO PUBLISH 17 CLASSIFIED CIA DOCUMENTS ON OPEC COUNTRY SURPLUSES AND INVESTMENTS.

--THE PRESIDENT HAS OBJECTED TO PUBLIC RELEASE TO PROTECT THE CONFIDENTIALITY OF EXECUTIVE BRANCH CLASSIFIED MATERIAL.

--YOU CAN ASSURE OFFICIALS THAT THE EXTENT OF THEIR COUNTRY'S INVESTMENT IN THE U.S. CONTINUES TO BE KEPT CONFIDENTIAL. RELEASE OF THE DOCUMENTS WOULD NOT REVEAL THE AMOUNT OF INDIVIDUAL COUNTRY HOLDINGS OF PORTFOLIO INVESTMENT IN THE U.S.

8. FOR HELSINKI: PLEASE PASS TO SECRETARY REGAN'S PARTY. TALKING POINTS THIS CABLE SHOULD BE SUBSTITUTED FOR THOSE PREVIOUSLY PROVIDED ON THIS SUBJECT FOR HIS BILATERAL MEETING WITH SAUDI MINISTER OF FINANCE ABALKHAIL ON AFTERNOON OF MAY 12.

END OF MESSAGE

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